

Inflation Monitor

The Consumer Price Index (CPI) eased to 5.4% in January 2013.

This 5.4% was 0.3% lower than the annual corresponding annual rate of 5.7% in December 2012. On average, prices increased by 0.3% between December 2012 and January 2013.

Take note that the January 2013 Consumer Price index was calculated using a new set of items and weights for items in the basket which was indicated in November 2013. Certain items were taken out from the basket and new ones were added. The changes to the basket indicated shifts in consumer choices.

Prices of food and non-alcoholic beverages increased by 0.9 percent between December of 2012 and January of 2013, as the effect of a rise in the following prices: vegetables (3.0 percent), hot beverages (1.6 percent), fish (1.3 percent), other food (1.2 percent), cold beverages (1.2 percent), milk, eggs and cheese (1.0 percent), sugar, sweets and desserts (0.9 percent), bread and cereals (0.7 percent), meat (0.3 percent) and oils and fats (0.3 percent). Fruit prices decreased 1.1 percent.

As shown in the table below, public transport recorded a 16.1% inflation rate due to a 26.6c/l increased in long distance buses during the holidays, followed by Administered prices inflation rate of 8.5%. Transport price slowed down to 5.1% from 5.5% in December 2012 due to a 13clitre decrease in the price of petrol.

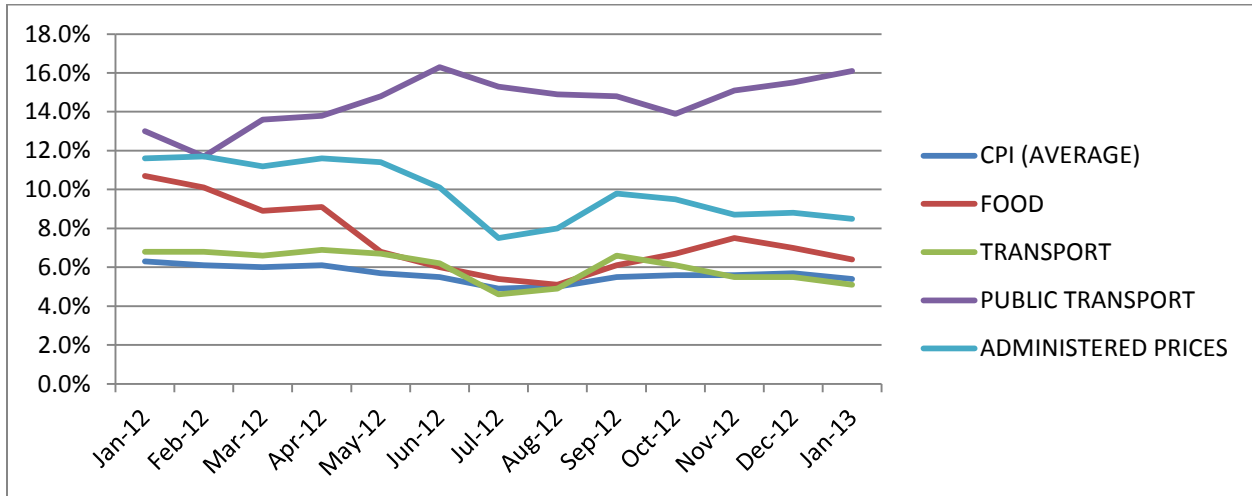
The Annual Inflation Rate (CPI) and selected price categories

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
CPI	5.5%	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5.4%
Food	6.0%	5.4%	5.1%	6.1%	6.7%	7.5%	7.0%	6.4%
Transport	6.2%	4.6%	4.9%	6.6%	6.1%	5.5%	5.5%	5.1%
Public Transport	16.3%	15.3%	14.9%	14.8%	13.9%	15.1%	15.5%	16.1%
Administered Prices	10.1%	7.5%	8.0%	9.8%	9.5%	8.7%	8.8%	8.5%

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INSIDE INFLATION

Let us look inside inflation into price movements within average CPI. We see that public transport, administered prices, food prices; have been increasing at a faster rate than average inflation.



We see that the rise in the cost of housing and utilities is clearly being driven by rising water and electricity prices. The rise in transport costs is being driven by rising petrol and public transport prices. The cost of living still remains high and these cost increases is exceeding the inflation rate. Poor household are still under great pressure from the below increases.

<i>Product Groups</i>	<i>Weighting in CPI (%)</i>	<i>Increase</i>	<i>Sub-group (weighting), increase</i>
Food	14.20	+6.4%	Price increases are generalised in the food group, although the price of meat and oils & fats increased at the fastest rate.
Housing & Utilities	24.52	+6.0%	Water (2.85) +9.2%, Electricity (4.18) +10.3%
Transport	16.43	+5.1%	Petrol (6.58) +11.6% Public Transport (3.20) +16.1%
Education	2.96	+8.9%	Primary, secondary and tertiary education
Restaurants & Hotels	3.50	+7.3%	Restaurants (2.54) +7.1% Hotels (0.96) +8.4%
Miscellaneous	14.72	+5.6%	Insurance (9.92) +5.0%

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The table below shows how the different product groups contributed to the average inflation rate of 5.4% at January 2013.

Contribution of different groups to annual % change in CPI

	Dec-12	Jan-13
Food and non-alcoholic beverages	0.0	0.1
Housing and utilities	0.0	0.0
Miscellaneous goods and services	0.0	0.1
Residual	0.1	0.1
All Items	0.2	0.3

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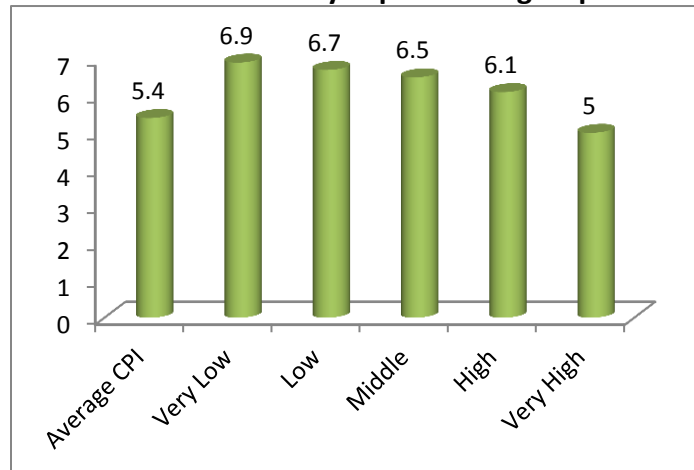
Inflation rate by expenditure group

Quintiles	Groups	Monthly expenditure	Inflation rate January 2013
	Average		5.4%
1	Very low	Up to R1783 per month	6.9%
2	Low	R1783 up to R2979 per month	6.7%
3	Middle	R2979 up to R5135 per month	6.5%
4	High	R5135 up to R11840 per month	6.1%
5	Very high	R11840 and more	5.0%

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The table above provides a picture of the inflation rate for different expenditure groups from the lowest income to highest income and the impact of inflation rate for these groups. The very low group experienced an inflation rate of 6.9%, higher than headline inflation rate of 5.4%, while the very high expenditure group had an inflation rate of 5.0% compared to 5.4% CPI.

Inflation rate by expenditure group



Inflation rate by Province

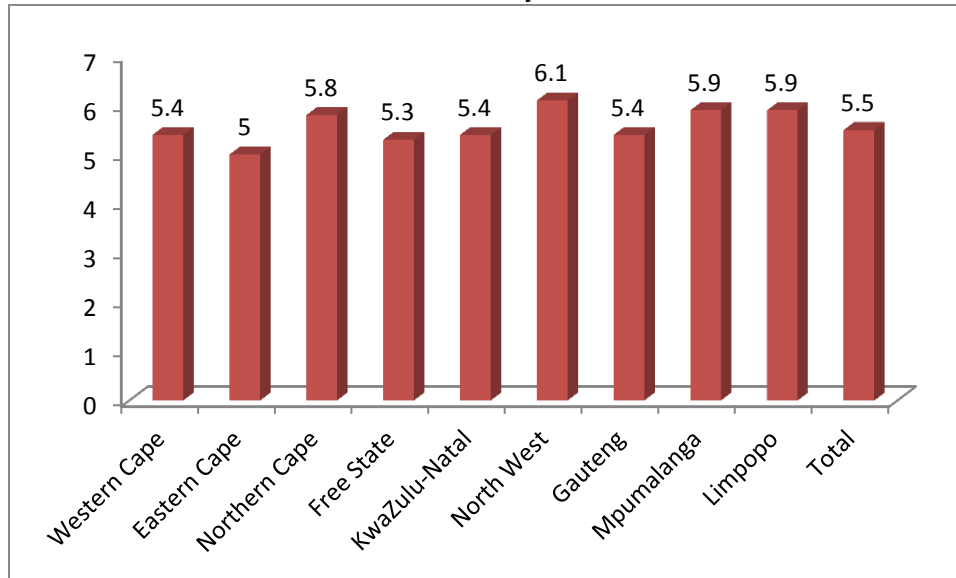
Province	Annual rate of inflation January 2013
Western Cape	+5.4%
Eastern Cape	+5.0%
Northern Cape	+5.8%
Free State	+5.3%
Kwazulu-Natal	+5.4%
North West	+6.1%
Gauteng	+5.4%
Mpumalanga	+5.9%
Limpopo	+5.9%
Total	5.5%

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The following Provinces recorded an annual inflation rate lower than or equal to headline inflation were Free State (5.3%) Western Cape (5.4%) Eastern Cape (5.0%) Gauteng (5.4%) KwaZulu-Natal (5.4%)

The Provinces with an annual inflation rate higher than headline inflation were Northern Cape (5.8%) North West (6.1%), Mpumalanga (5.9%) and Limpopo (5.9%)

Inflation rate by Province



HISTORICAL INFLATION TABLES

THE CONSUMER PRICE INDEX (CPI)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2009	8.1%	8.6%	8.5%	8.4%	8.0%	6.9%	6.7%	6.4%	6.1%	5.9%	5.8%	6.3%	7.1%
2010	6.2%	5.7%	5.1%	4.8%	4.6%	4.2%	3.7%	3.5%	3.2%	3.4%	3.6%	3.5%	4.3%
2011	3.7%	3.7%	4.1%	4.2%	4.6%	5.0%	5.3%	5.3%	5.7%	6.0%	6.1%	6.1%	5.0%
2012	6.3%	6.1%	6.0%	6.1%	5.7%	5.5%	4.9%	5.0%	5.5%	5.6%	5.6%	5.7%	5/6%
2013	5.4%												

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The consumer Price Index is known as the headline inflation rate and is also referred to as the official inflation rate. The month to month prices of over a thousand goods and services go into the calculation of CPI.

THE FOOD PRICE INDEX

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2009	16.1%	15.8%	14.9%	13.6%	12.1%	9.8%	7.6%	6.1%	4.9%	4.9%	4.0%	2.7%	9.3%
2010	1.6%	1.0%	0.5%	0.3%	0.1%	0.0%	1.1%	1.5%	1.2%	0.5%	1.1%	1.4%	0.8%
2011	2.9%	3.5%	5.1%	4.8%	6.3%	7.3%	7.5%	7.3%	8.7%	11.0%	11.1%	11.6%	7.2%
2012	10.7%	10.1%	8.9%	9.1%	6.8%	6.0%	5.4%	5.1%	6.1%	6.7%	7.5%	7.0%	7.4%
2013	6.4%												

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The food price index shows the increase in the price level of food products only, on a monthly basis. This rate is incorporated in the overall CPI inflation rate (CPI).

THE TRANSPORT PRICE INDEX

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2009	0.1%	1.5%	0.9%	0.9%	0.5%	2.1%	3.4%	2.7%	-1.3%	-1.8%	0.6%	3.4%	1.6%
2010	6.2%	5.1%	4.2%	4.0%	3.5%	2.2%	1.1%	1.1%	0.0%	1.8%	2.1%	1.6%	2.7%
2011	2.5%	2.6%	3.3%	3.4%	3.8%	5.2%	5.3%	8.5%	9.6%	6.7%	6.9%	7.0%	5.4%
2012	6.8%	6.8%	6.6%	6.9%	6.7%	6.2%	4.6%	4.9%	6.6%	6.1%	5.5%	5.5%	6.1%
2013	5.1%												

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The transport price index provides an indication of the increase in then price level of transport items in the basket of goods and services that make up the inflation index. This rate is incorporated in the overall CPI inflation rate.

THE ADMINISTERED PRICE INDEX

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave.
2009	1.4%	2.8%	2.8%	1.7%	0.0%	1.2%	0.4%	0.2%	3.2%	2.7%	4.0%	9.9%	2.5%
2010	14.5%	12.9%	11.2%	11.6%	12.1%	10.8%	8.6%	8.3%	7.1%	8.4%	8.9%	8.5%	10.2
2011	9.6%	9.9%	10.9%	10.7%	11.3%	12.0%	11.7%	11.9%	12.5%	13.3%	13.4%	12.7%	11.6%
2012	11.6%	11.7%	11.2%	11.6%	11.4%	10.1%	7.5%	8.0%	9.8%	9.5%	8.7%	8.8%	10.0%
2013	8.5%												

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An administered price is defined as the price of a product, which is set consciously by an individual producer or group of producers and/or any price, which can be determined or influenced by government, either directly or through one or other government agencies/institution without reference to market forces. For example, school fees, telephone fees, electricity, trains, petrol/paraffin, cell calls and public transport. This rate is incorporated into the overall CPI inflation rate.

2013	January	20 February 2013
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All information available at www.statssa.gov.za

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